



CALIFORNIA ISO

Market Design 2002 Implementation Update

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MD02 Current Status

Phase 1A

- Automatic Mitigation Procedure implemented October 2002

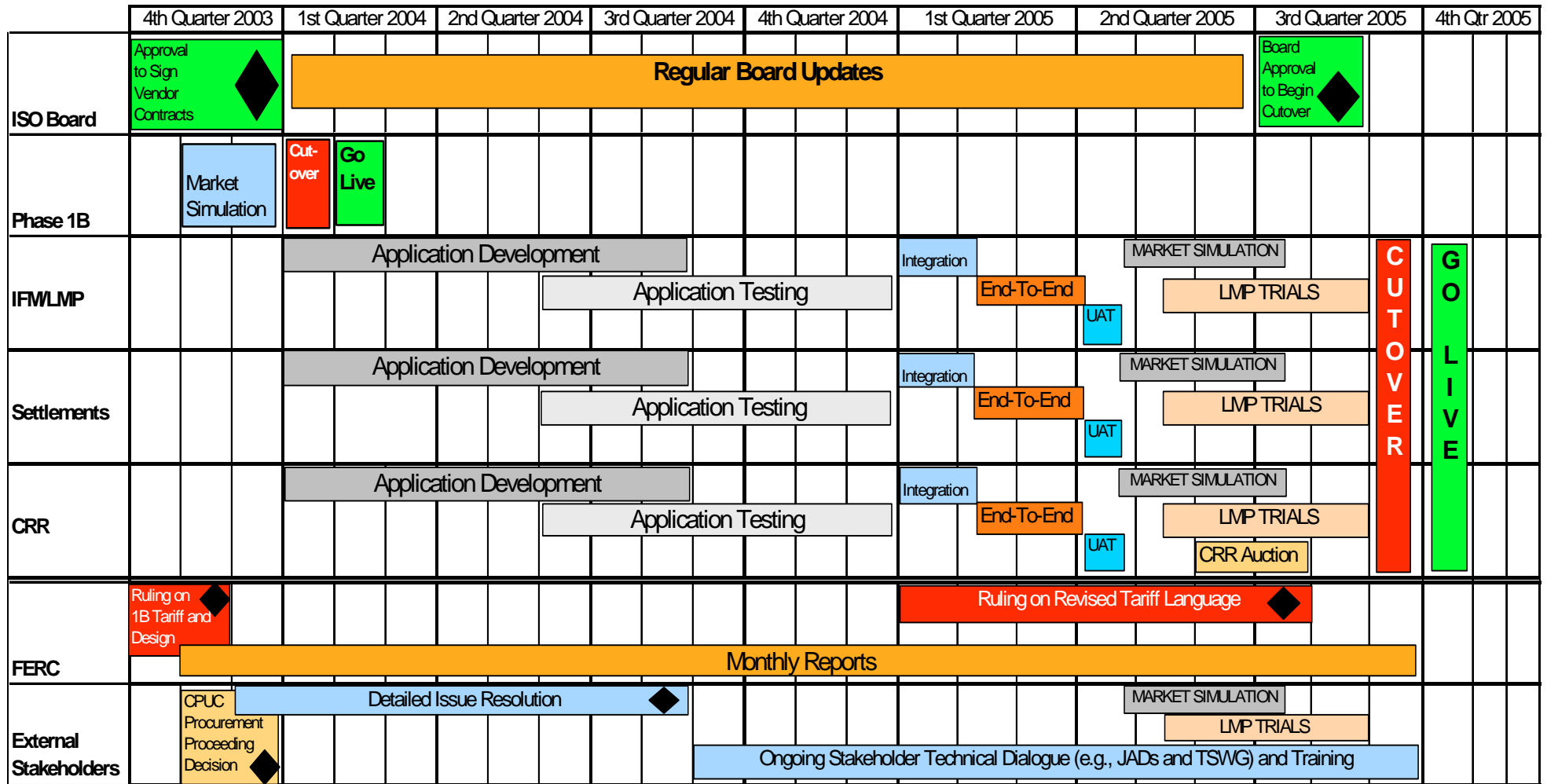
Phase 1B

- Change to real-time economic dispatch and Uninstructed Deviation Penalties staged for February 2004 implementation


IFM/LMP Single-Stage Approach

- Plan collapses Phase 2 and Phase 3 to a single implementation date
- Allows for meaningful LMP trial period
- Implementation savings for CAISO and market participants
- Minimizes delay in addressing known deficiencies in current design

MD02 PROJECT IMPLEMENTATION DURATION WITH KEY MILESTONES*



Legend:

	Key Milestones
Integration Testing	January 5, 2005 through February 11, 2005
End-to-End Testing	February 12, 2005 through April 4, 2005
User Acceptance Testing (UAT)	April 5, 2005 through April 18, 2005
Market Simulation	April 19, 2005 through July 19, 2005

LMP Trials	May 15, 2005 through August 31, 2005
Cutover	September 1, 2005 through September 30, 2005
GO LIVE	Phase 1B: February 1, 2004 and IFW/LMP: October 1, 2005

IFW/LMP: Integrated Forward Market/Locational Marginal Pricing

CRR: Congestion Revenue Rights

* This is a living document and a Work-In-Progress. It will be updated throughout the implementation of the MD02 Project, with the current version posted on the CAISO website.